

VZCZCXYZ0008  
PP RUEHWEB

DE RUEHME #2623/01 2461952  
ZNR UUUUU ZZH  
P 031952Z SEP 09  
FM AMEMBASSY MEXICO  
TO RUEHC/SECSTATE WASHDC PRIORITY 8121  
RUEHRC/USDA FAS WASHDC  
INFO RUEHOT/AMEMBASSY OTTAWA 2648

UNCLAS MEXICO 002623

SENSITIVE, SIPDIS

STATE PASS USTR/MURPHY, MELLE, O'CONNOR  
USDA FOR FFAS/MILLER, FAS FOR OA/MICHENER, STOLL,  
- ADAMS; OCRA/HIGGISTON, ZANIN; OSTA/HAMILTON;  
- ONA/RIEMENSCHNEIDER, GRUNENFELDER  
PASS APHIS FOR SMITH, FSIS FOR ALMANZA, JONES  
PASS AMS FOR LIVESTOCK AND GRAIN MARKET NEWS

E.O. 12958: N/A

TAGS: [EAGR](#) [ETRD](#) [NAFTA](#) [TBIO](#) [MX](#)

SUBJECT: SAGARPA ON CCA MOU, COOL AND NAFTA

SENSITIVE BUT UNCLASSIFIED

¶1. (SBU) SUMMARY: SAGARPA does not appear to be certain exactly where to take its proposal to amend the memorandum of understanding for the Consultative Committee on Agriculture, but plans to consult with the Secretariat of Economy (SE) September 4 to clarify the GOM's position. COOL remains an irritant with SAGARPA. SAGARPA warned that the new PRI-dominated, anti-NAFTA Mexican Congress makes imperative efforts to demonstrate the benefits of NAFTA to the Mexican economy. END SUMMARY.

-----  
CCA MOU  
-----

¶2. (SBU) In a September 2 meeting at SAGARPA, Under Secretary Francisco Lopez Tostado, ASERCA Director in Chief Graciela Aguilar, and Coordinator for International Affairs Victor Villalobos offered agoffs confusing and conflicting views as to what exactly the Mexican side has in mind for amending the MOU underpinning the U.S.-Mexican Consultative Committee on Agriculture. Lopez Tostado finally said it is in Villalobos' hands, and Villalobos promised to get back to us (he called the following evening to advise that SAGARPA and SE will meet the morning of September 4 at the working level to come up with a proposal).

¶3. (SBU) The two common threads evident from this conversation were SAGARPA's (and presumably SE's) view that the CCA should be made "more efficient", though what exactly that means was not made clear, plus a desire for two CCA meetings per year. Aguilar suggested that the Presidents' declaration from the North American Leaders' Summit in Guadalajara should perhaps be incorporated into the CCA MOU. Villalobos added that he would like to see the CCA MOU amended to "give it teeth."

-----  
COOL  
-----

¶4. (SBU) Aguilar raised mandatory country of origin labeling (COOL), noting that the per-head discount on prices of Mexican cattle sold to U.S. buyers may not be as bad as Mexico has claimed,

but is still bad, around USD 60 per head. She asserted, "some companies are using COOL as a pretext to discount prices" when negotiating contracts. In response to a request for price data, Aguilar replied that SE's legal counsel had advised her not to share Mexican price data with the USG.

-----  
NAFTA  
-----

15. (SBU) Aguilar noted that the July congressional elections had resulted in a PRI-dominated Congress characterized by deeper anti-NAFTA sentiment than the previous Congress. Thus, she said, it is imperative that the U.S. and Mexico "show progress" in implementing NAFTA, as well as demonstrating NAFTA's benefits to the Mexican economy, in order to blunt opposition.

-----  
COMMENT: NEED TO SHOW PROGRESS ON NAFTA  
-----

16. (SBU) Post will follow up with Villalobos afternoon of September 4 to learn the status of proposed revisions to the CCA MOU. The state of confusion over where to take the CCA appears to be bound up in Mexico's desire to engage the U.S. and Canada on SPS and TBT regulatory cooperation trilaterally, aware that the CCA is only a bilateral forum.

17. (SBU) COOL remains very much on SAGARPA's (and perhaps more important, its stakeholders') mind. Lopez Tostado and his team recognize that the issue is in litigation and thus out of their hands, but nevertheless feel compelled to raise COOL whenever the opportunity arises.

18. (SBU) This atmospheric plus the impact of the trucking issue underlie, at least in part, Aguilar's urgent desire to demonstrate the benefits to Mexico of NAFTA.  
PASCUAL